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MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana

Annual Financial Statements
With Accountant's Compilation Report
As of and for the Year Ended
December 31, 2002
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/13/03

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Annual Financial Statements
With Accountant's Compilation Report
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Bobby Gray

CERTIFIED PUBLIC ACCOUNTANT

• *Accounting Services*

• *Income Tax Services*

• *Management Advisory Services*

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American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants

To the Board of Commissioners
Mount Olive Waterworks District
Lincoln Parish, Louisiana

I have compiled the accompanying financial statements and supplemental information schedules of the Mount Olive Waterworks District, as of and for the year ended December 31, 2002, in accordance with standards established by *Statement of Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements and schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 26, 2003 on the results of our agreed-upon procedures.

June 26, 2003



Certified Public Accountant
Grambling, Louisiana

BASIC FINANCIAL STATEMENTS

STATEMENT A**MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana****BALANCE SHEET-PROPRIETARY FUND TYPE-ENTERPRISE FUND
As of December 31, 2002****ASSETS****CURRENT ASSETS**

Cash on hand and in banks	\$62,841
Accounts receivable(net of allowance)	9,699
Total Current Assets	<u>72,540</u>

FIXED ASSETS

Land	5,000
Furniture and equipment	4,705
Water distribution system	269,929
Less: Accumulated depreciation	<u>(127,616)</u>
Total Fixed Assets	152,018

TOTAL ASSETS	<u><u>\$224,558</u></u>
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LIABILITIES AND EQUITIES**CURRENT LIABILITIES**

Customer deposits	\$14,269
Payroll liabilities	(181)
Total Current Liabilities	<u>14,088</u>

LONG-TERM LIABILITIES

Notes payable USDA	15,741
Bonds payable	68,867
Total Long-Term Liabilities	<u>84,608</u>

Total Liabilities	98,696
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EQUITIES

Retained earnings	125,862
Total Equities	<u>125,862</u>

TOTAL LIABILITIES AND EQUITIES	<u><u>\$224,558</u></u>
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STATEMENT B

MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana
Statement of Revenues, Expenses, and Changes In
Retained Earnings-Proprietary Fund Type
Enterprise Fund
For the Year Ended December 31, 2002

REVENUES:

Water Sales	\$86,669
Installation Charges	468
Total Operating Income	<u>87,137</u>

OPERATING EXPENSES

Water Purchases	6,568
Operating Supplies	4,261
Utilities	4,063
System Maintenance	4,955
Installation Materials	284
Administrative Services	7,200
Advertising	137
Amortization Expense	708
Auto & Truck Parts	290
Bank Service Charges	1,356
Dues & Subscriptions	10
Insurance	2,012
Technical Services	6,000
Office Supplies	269
Outside Services	720
Postage	1,285
Professional Services	3,015
Rent	2,400
Membership fees	150
Salaries	11,967
Sales Tax	3,491
Telephone & Beeper Service	1,285
Travel (Mileage, etc.)	710
Other Expense	1,609
Depreciation	3,792
Total Operating Expenses	<u>68,537</u>

NON-OPERATING INCOME

Interest Income	174
Miscellaneous Income	6,487
Total Non-Operating income	<u>6,661</u>

NET INCOME(LOSS)**\$25,261****RETAINED EARNINGS-BEGINNING OF PERIOD****101,771**

Adjustment to beginning retained earnings

(1,170)**RETAINED EARNINGS-END OF PERIOD****\$125,862**

See accompanying notes and accountant's compilation report.

STATEMENT C**MOUNT OLIVE WATERWORKS DISTRICT
Lincoln Parish, Louisiana****STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002**

Cash flows from operating activities:	
Operating income(loss)	\$25,261
Adjustments to reconcile operating income(loss) to net cash	
Depreciation expense	3,792
Decrease in accounts receivable	24
Decrease in accounts payable	(3,300)
Transfer from other fund	0
Adjustment to beginning retained earnings	(1,170)
Total adjustments	(654)
Net cash provided by operating activities	24,607
Cash at beginning of year	38,234
Cash at end of year	<u><u>\$62,841</u></u>

See accompanying notes and accountant's compilation report

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

For the Year Ended December 31, 2002

INTRODUCTION

Mount Olive Waterworks District is a related unit of the Police Jury of Lincoln Parish. Ordinance No. 312 dated September 14, 1965, to provide water services to residents within the District, created the District. A Board of five Commissioners governs the District. The Board of Commissioners of the District has absolute control and authority over the waterworks in the District. The Commissioners meet at least once every sixty days. The Commissioners serve without compensation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Mount Olive Waterworks District accounts for its financial position and results of operations in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has only one fund, the proprietary fund. Proprietary fund types are used to account for activities conducted on a fee for services basis in a manner similar to commercial enterprise accounting.

B. Capital Assets and Long-Term Obligations

Capital assets, including land, the water system, and equipment are reported on the Balance Sheet. All of the District's capital assets are capitalized at historical cost. The cost of normal system maintenance and repairs that do not add to the value of the asset or materially extend the useful life are not capitalized.

Depreciation of capital assets is recognized over an estimated useful life utilizing the straight-line method. Estimated useful lives are as follows:

Water Systems	-	25 years
Equipment	-	7 years

Long-term obligations are reported as liabilities in the Balance Sheet.

C. Inventories

Inventory is valued at the lower of cost or market on a first-in, first-out basis. At December 31, 2002 there was no inventory on hand.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

D. Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Lincoln Parish Police Jury has determined that the Mount Olive Waterworks District is not a component of the Jury but rather a related organization and therefore, not included in their financial statements.

NOTE 2. CASH

Cash consisted of demand deposits of \$ 62,841 at December 31, 2002. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities

plus the federal deposit insurance is sufficient to secure these deposits. The cash balance at December 31, 2002 was fully secured by Federal Deposit Insurance.

NOTE 3. ACCOUNTS RECEIVABLE

At December 31, 2002, the District's accounts receivables for water services totaled \$9,699. An allowance for uncollectible receivables was \$ 1,014 was shown at December 31, 2002 and considered reasonable.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment as of December 31, 2002 follows:

	<u>2002</u>
Water System/ Equipment	269,929
Furniture and Fixtures	4,705
Land	<u>5,000</u>
Sub-total	279,634
Less: Accumulated Depreciation	<u>(127,616)</u>
TOTAL	<u>\$152,018</u>

No records of fixed assets were kept for the period 1965 through 1990. The Farmer's Home Administration determined the initial cost of the waterworks system. It was placed in service in 1967. All other capital expenditures were reviewed and capitalized when appropriate.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

NOTE 5. LONG-TERM LIABILITIES

The long-term liabilities of the Mount Olive Waterworks District consist of a Revenue Promissory Note dated October 26, 1966, and a Water Revenue Bond with the Farmer's Home Administration which was dated January 23, 1992. The proceeds of the Bond Issue were used for improvements to the system.

1. Water Revenue Promissory Note principal amount \$81,000.

Ending Balance <u>12/31/01</u>	<u>Decrease</u>	Balance At <u>12/31/02</u>
\$ 19,024	-0-	\$ 15,741

Required annual principal and interest payments on the fully amortized promissory note as of December 31, 2002 for the five years following are:

<u>Year Ending</u>	<u>Amount</u>
2003	4,033
2004	4,033
2005	4,033
2006	4,043
Thereafter	0
Total Obligation	15,741
Interest	401
<u>Principal</u>	<u>16,142</u>

2. Water Revenue Bonds bear interest at 5 3/4% on principal \$77,200.

Balance <u>12/31/01</u>	<u>Decrease</u>	Balance <u>12/31/02</u>
\$ 69,856	\$ 989	\$ 68,867

The District is required to establish and maintain a Bond Sinking Fund, a Reserve Fund, and a Contingency Fund. Required payments to the funds calls for \$ 414.56 per month; \$ 21.00 per month; and \$ 22.00 per month respectively.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA
Notes to the Financial Statements

NOTE 6. COMPENSATED ABSENCES

Vacation pay and sick leave are not accrued because they do not vest. They are expended when paid.

NOTE 7. INCOME TAXES

The District has tax-exempt status as a governmental organization.

NOTE 8. LITIGATION

At December 31, 2002, no litigation was pending involving the District.

Bobby Gray

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ATTESTATION REPORT

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Mount Olive Waterworks District
Lincoln Parish, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Mount Olive Waterworks District's compliance with certain laws and regulations during the year ended December 31, 2002 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

In the examination of expenditures of the Mount Olive Waterworks District for 2002, no expenditures were noted which exceeded either the \$15,000 or \$100,000 thresholds.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2), with the lone exception of the Secretary's husband is the landlord for the District's office space. Per the District's President and other commissioners, the secretary does not wield any significant influence and does not participate in the decision-making process.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 14, 2001 which indicated that the budget had been adopted by the commissioners of Mount Olive Waterworks District by unanimous vote. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded the budgeted amount by 14% due to an unexpected increase in the number of subscribers during the year and expenditures for the year did not exceed budgeted amounts by more than 5% but rather showed a favorable variance.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account and,

All six of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated no approvals other than the signature of the chairman of the Board of Commissioners. In discussions with Commissioners, it was indicated that budgeted, recurring items or a routine nature are generally authorized to be paid but any unusual payments would require Commission authorization. None of the payments in the sample fit the profile of unusual.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Mount Olive Waterworks District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office. Management has asserted that such documents were properly posted. I was shown an unmarked copy of one notice and one agenda.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

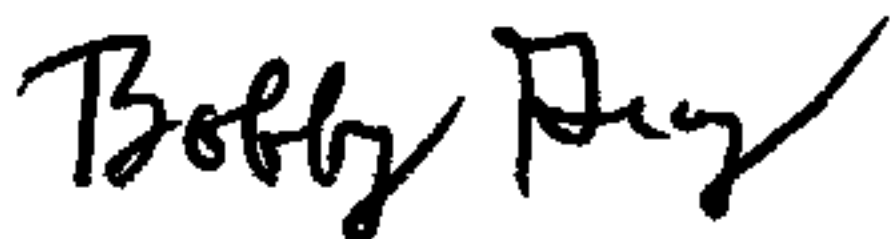
A reading of the minutes of the district for the year indicated no approval for the payments noted. I inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

The prior year report, for 2001, did not include any comments or unresolved matters.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Mount Olive Waterworks District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 26, 2003



Certified Public Accountant

SUPPLEMENTAL INFORMATION

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

STATUS OF PRIOR YEAR FINDINGS

There were no prior findings for the Mount Olive Waterworks District.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

CURRENT YEAR FINDINGS

There were no findings in the current year for this entity.

MOUNT OLIVE WATERWORKS DISTRICT
LINCOLN PARISH, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO COMMISSIONERS

The Commissioners of the Mount Olive Waterworks District
receive no compensation.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

~~June 26, 2003~~ (Date Transmitted)

Bobby Gray, CPA
P.O. Box 1213
Grambling, LA 71245

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..
Yes [☒] No [☐]

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No [☐]

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No [☐]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [☒] No [☐]

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No [☐]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No [☐]

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Vera Burks Secretary 6/26/03 Date
Treasurer Date
x Larry H. H. H. President 6/26/03 Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.